DOCUMENT RESUME

ED 238 607 RC 014 326

AUTHOR Iskander, Anwas; And Others
TITLE The Learning Fund: Income Generation through NFE. Technical Note No. 22.
INSTITUTION Massachusetts Univ., Amherst. Center for International Education.
SPONS AGENCY Ministry of Education and Culture (Indonesia).; World Bank, Washington, D. C.
REPORT NO ISBN-0-932288-68-5
PUB DATE 82
NOTE 30p.
AVAILABLE FROM Center for International Education; 285 Hills House South, Amherst, MA 01003 ($1.50 plus postage, 10% discount on orders of 20 or more).
PUB TYPE Guides - Non-Classroom Use (055)

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS Adult Education; Agency Cooperation; *Business Skills; Coordination; Educational Philosophy; *Entrepreneurship; Foreign Countries; Guidelines; *Nonformal Education; Organization; *Program Design; Program Evaluation; Rural Education; Skill Development; *Small Businesses; Staff Development; Youth; Youth Programs
IDENTIFIERS *Community Based Education; *Income Generation; Indonesia

ABSTRACT

The Learning Fund Program sponsored by PENMAS, the Indonesian Directorate of Community Education, successfully uses community-based learning activities to promote entrepreneurship and managerial skills among Indonesia's rural poor. Currently, the program integrates the learning, financial, and equipment resources necessary to help over 5,400 small groups of uneducated and underemployed people between the ages of 12 and 45 start or expand small-scale productive activities involving cottage industries, skilled trades, or agricultural projects. PENMAS selects the recipients of assistance based on the groups' organization, leaders, plans, business activities, and cooperative structure. In addition to financial assistance, the program provides materials development, staff training, interagency coordination, and evaluation and monitoring. Fieldworkers teach basic managerial skills and attitudes by helping recipients clarify existing resources, needs, and interests, and by introducing bookkeeping procedures, production plans, capital management, and personnel administration according to the group's needs. PENMAS either provides learning and financial support concurrently to new groups and organizes ventures to use their skills or assists small groups in their existing enterprises. Both implementation models have advantages and disadvantages. Guidelines for program implementation are included to help other nonformal education policy makers and practitioners in similar small business and income-generating activities. (SB)

ED238607

The Indonesia Nonformal Education Project is part of a large-scale development effort of PENMAS, the Directorate of Community Education of the Ministry of Education and Culture in Indonesia. The project was financed jointly by the Government of Indonesia and by a loan from the World Bank.

"PERMISSION TO REPRODUCE THIS MATERIAL IN MICROFICHE ONLY HAS BEEN GRANTED BY
Center for International Education
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

OCT 1983
RECEIVED
ERIC/CRESS

TECHNICAL NOTE NO. 22

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
✓ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

THE LEARNING FUND: INCOME GENERATION THROUGH NFE

NOTE WRITTEN BY: ANWAS ISKANDER, DANIEL MOULTON, AND UMBERTO SIHOMBING

RC014326

SUMMARY: This note describes the design and implementation of The Learning Fund Program in Indonesia which sought to combine educational and income generating activities through the funding of learning groups. The note reviews the Indonesian experience, presents two case studies, and summarizes in detail the lessons learned from the experience.

1. THE ECUADOR PROJECT: discusses the basic goals, philosophy, and methodology of a rural nonformal education project.
2. CONSCIENTIZACAO AND SIMULATION GAMES: discusses Paulo Freire's educational philosophy and the use of simulation games for consciousness raising.
3. HACIENDA: describes a board game simulating the economic and social realities of the Ecuadorian Sierra.
4. MERCADO: describes a card game which provides fluency practice in basic market mathematics.
5. ASHTON-WARNER LITERACY METHOD: describes a modified version of Sylvia Ashton-Warner's approach to literacy training used in Ecuadorian villages.
6. LETTER DICE: describes simple, participatory, letter fluency games which involve illiterates in a non-threatening approach to literacy.
7. BINGO: describes Bingo-like fluency games for both words and numerical operations.
8. MATH FLUENCY GAMES: describes a variety of simple fluency games which provide practice in basic arithmetic operations.
9. LETTER FLUENCY GAMES: describes a variety of simple fluency games which provide practice in basic literacy skills.
10. TABACUNDO: BATTERY POWERED DIALOGUE: describes the use of a tape recorder for feedback and programming in a rural radio school program.
11. THE FACILITATOR MODEL: describes the facilitator concept for community development in rural Ecuador.
12. PUPPETS AND THE THEATER: describes the use of theater, puppets and music as instruments of literacy and consciousness awareness in a rural community.
13. FOTONOVELA: describes the development and use of the fotonovela as an instrument of literacy and consciousness awareness.
14. THE EDUCATION GAME: describes a simulation/board game that illustrates the inequities of many educational systems.
15. THE FUN BUS: describes an NFE project in Massachusetts that used music, puppetry and drama to involve local people in workshops on town issues.
16. FIELD TRAINING THROUGH CASE STUDIES: describes the production of actual village case studies as a training method for community development workers in Indonesia.
17. PARTICIPATORY COMMUNICATION IN NONFORMAL EDUCATION: describes the use of simple processing techniques for information sharing, formative evaluation and staff communication.
18. BINTANG ANDA: A GAME PROCESS FOR COMMUNITY DEVELOPMENT: describes an integrated community development approach based on the use of simulation games.
19. USING CONSULTANTS FOR MATERIALS DEVELOPMENT: describes an approach to selecting and utilizing short-term consultants for materials development.
20. DESIGNING AND USING SIMULATIONS FOR TRAINING: outlines the steps involved in designing and conducting simulations and presents two simulations in detail.
21. Q-SORT AS A NEEDS ASSESSMENT TECHNIQUE: describes how a research technique can be adapted for needs assessment in nonformal education.
22. THE LEARNING FUND: INCOME GENERATION THROUGH NFE: describes a program which combines educational and income generation activities through learning groups.

TECHNICAL NOTES

This note is part of a series of Technical Notes based on the experience of staff members working with PENMAS, The Directorate of Community Education of the Ministry of Education and Culture in Indonesia, and with the Center for International Education at the University of Massachusetts. The two organizations have been working together on a project financed by the Government of Indonesia with the assistance of the World Bank.

Each note focuses on a particular learning material, training technique, or issue which grew out of the experience of developing a large-scale, national, nonformal education program in Indonesia. The notes contain whatever information was available at the time of writing. They present a summary of experience in the hopes that it will be of value to others struggling with similar problems in different settings. The notes represent work in progress and are not intended in any way to be evaluations, although care is taken to present whatever evaluation information is available on the effectiveness of the particular method being discussed. They are intended to be self-contained so that practitioners can immediately adapt them for use in their own settings.

As in all such projects, many people contribute directly and indirectly to the development of methods. The notes attempt to accurately credit those most directly involved, but invariably there are contributors who go unrecognized, particularly in a project which encourages participation at all levels. Throughout the five-year period of collaboration, there has been a pattern of extensive binational effort.

We encourage readers to share with us their reactions and particularly relevant, similar experiences which they may have had in other settings. The notes are available in English from the Center for International Education and will also be available in Bahasa Indonesia from PENMAS. Notes will be issued periodically as experience produces approaches which we feel would be of interest to other practitioners.

Direktorat Pendidikan Masyarakat
Jalan Kramat Raya 114
Jakarta Pusat, Indonesia

Center for International Education
Hills House South
University of Massachusetts
Amherst, Massachusetts USA 01003

©1982, Center for International Education
University of Massachusetts, Amherst, Massachusetts

All Rights Reserved

ISBN 0-932288-68-5

Printed in the United States of America

INTRODUCTION

Large-scale nonformal education programs often fail to address one of the most pressing felt needs of their rural poor clientele: the need for increased income. The "poorest of the poor" need more work opportunities, better skills, and better access to capital. The Indonesian Directorate of Community Education(PENMAS) has tackled this problem through the development of a Learning Fund Program (LFP) which integrates the organization and provision of learning resources with access to the capital and equipment necessary to help groups of skilled or semi-skilled persons start or expand small-scale productive activities.

The goal of the program is to promote the growth of entrepreneurship and managerial skills via community-based learning activities. With some 15,000,000 unemployed or under-employed people in Indonesia between the ages of 12 and 45, the need for expanded opportunities for productive employment is great and growing. Through the Learning Fund Program, PENMAS has assisted in the development of a broad range of productive activities in poor communities ranging from cottage industries like sewing, mat weaving, and food processing to skilled trades such as welding, woodworking, masonry, and motorcycle repair to agricultural projects such as fish farming, fruit and vegetable production, and animal husbandry.

The core of the program is its educational component. PENMAS serves the role of facilitator in enabling groups of learners to improve upon existing skills or gain new skills. Additionally, through the Learning Fund, PENMAS is able to provide the capital and equipment so often inhibiting the development of increased productivity.

The authors wish to acknowledge the contribution of the many people, far too numerous to mention, who have worked to develop and implement the learning fund concept and program. We would also like to thank the Asia-South Pacific Bureau of Adult Education (ASPBAE) and the German Adult Education Association (DVV) for their cooperation and acknowledge the use in this note of some material which they had prepared for publication.

> Consider the case of a small sandal-making enterprise. Pre-sized wooden parts were obtained from another source, and the main activity undertaken was completion of the shoe: the plaiting and adding of leather straps. The business was static.
>
> A PENMAS fieldworker assisted this group in obtaining capital through the Learning Fund Program on the condition that the group experiment with new materials and models. The group began making sandals with plastic straps which were favored by many consumers. They tried using various grades of wooden parts. The PENMAS worker taught the group basic management skills, such as how to compute profits from various models based on sales volume, price of materials, and production time.
>
> With new skills and confidence, the group was able to expand its business with the capital provided through the Learning Fund Program.

PENMAS has been experimenting with the Learning Fund Program for the last four years, and the program development process is in no way complete. This technical note presents some of the lessons learned by PENMAS in the development and expansion of this component of their overall program. Since this is one of the few large-scale efforts in entrepeneurship development/ income generation being undertaken by a nonformal education institution, the experience documented here should be of immediate relevance to NFE practitioners involved in this important area.

PROGRAM DESCRIPTION

PENMAS adheres to the philosophy that nonformal education should not be separated from the activities of daily life and work. This philosophy is reflected in PENMAS' *kejar* concept. In the Indonesian language, *kejar* has three distinct meanings. First, *kejar* is a word that means literally "to catch-up", or to improve one's life. *Kejar* is also an acronym of the words *kelompok belajar* which mean 'learning group'; all of PENMAS' activities at the community level are based upon the abilities, needs, resources, and dynamics of the local learning group. Finally, *kejar* is an acronym of the words *bekerja* and *belajar* , meaning "work and study", showing the integration of daily life activities(work) and learning(study). These three meanings of the word *kejar* describe the basic principles of nonformal education programs in Indonesia:

1. Learning should take place in small community-based groups.

2. Learning groups form and develop activities on the basis of work-related needs and interests.

3. Learning should be motivating, resulting in positive attitudes towards development and life improvement.

In nonformal education, learning is not informal and incidental, rather it is a consciously undertaken effort to integrate life and learning towards life improvement. As an institution, PENMAS does not seek to be a storehouse of knowledge; instead it sees itself as a facilitator of learning, engendering the need for learning in individuals and groups and nurturing this motivation by organizing resources, facilities and learning opportunities. PENMAS' nonformal education programs help learners to identify their immediate needs and interests and assist in arranging the necessary resources(human and material) that will help meet these needs through a process of learning. In the case of the Learning Fund Program these resources include assistance in group organization, the award of learning funds, and the recruitment of resource persons to facilitate the learning process and teach specific skills.

The main target population comprises unemployed or underemployed persons between the ages of 12 and 45, with special priority on youth between the ages of 12 and 25. Participants in the program are predominantly in rural areas, although there are programs specifically for the growing number of urban unemployed. Program participants may have never had the opportunity for formal school, or may have dropped out before completing even primary school. Numerous program participants have previously attended other PENMAS programs in Basic Education, Family Welfare Education, or Vocational Skills training and now want to apply their new skills and knowledge to increase their income-generating capability. From experience, the learners involved in the Learning Fund Program fall into three broad categories:

1. Learners possessing certain skills and knowledge who are unable to market their skills or find suitable employment

2. Learners who have certain skills and knowledge and have already begun businesses, cottage industries, or other income-generating activities on a very small scale

3. Learners who are unskilled and unemployed who wish to join or form a group to learn the skills of other group members, sometimes in an apprenticeship.

Based upon PENMAS goals and target population needs, the selection criteria for groups wishing to obtain assistance under the Learning Fund Program are as follows:

1. The existence of an organized group of learners (5-10 persons) who are:
   - between the ages of 12 and 45
   - formal school drop-outs or without schooling
   - unemployed, under-employed and coming from the low income strata of the population.
2. The group must be engaged in small business or small-scale productive activities (i.e., attempting to make use of their existing productive skills).
3. Group activities contain a clearly designed learning component.
4. The group has developed definite plans for:
   - increasing their level of production/provision of services, thereby raising individual and collective income
   - saving a percentage of increased profits. Savings may be used for adding new group members or for assisting in the funding of new groups and activities
   - assisting in the formation of new learning groups eligible for Learning Fund Program assistance.
5. The group structure and process is cooperative in nature and based upon equal partnership relations.

INSTITUTIONAL SETTING AND ORGANIZATIONAL MECHANISM

The Learning Fund Program was begun as part of the Indonesian Sixth Education Project, which is funded by a loan from the World Bank and matching funds from the Government of Indonesia. The program is reaching some 3,500 learning groups in seven of the most densely populated provinces in the country. More recently the program has been expanded to ten more of Indonesia's twenty-seven provinces with assistance from ASPBAE(the Asia-South Pacific Bureau of Adult Education) and UNICEF. Groups in the Sixth Project area are eligible for a fixed-sum award from the Learning Fund amounting to US$240(rp. 150.000,) while groups outside the project area are

funded according to their determined need. By 1982, learning funds will have been granted to support small-scale enterprise in over 5,400 learning groups in 17 provinces.

The key person in the development of Learning Fund-assisted activities is the PENMAS sub-district level fieldworker. A PENMAS fieldworker covers an average of 20 villages and is responsible for overall nonformal education activities including basic education, literacy, vocational education, and family life education as well as implementation of the Learning Fund. The fieldworker works closely with formal and informal village leaders as well as with local government agencies(Department of Small Industries personnel) and private organizations(women's associations, etc.) in order to identify learning groups. The PENMAS fieldworker works directly with potential groups to assess needs and interests.

Some of the first learning activities undertaken by the group have to do with the development of a proposal for funding. PENMAS has designed instruments for use with groups in proposal design. These instruments are designed to help determine how well groups fit the established Learning Fund criteria and to clarify to the fieldworker and the group such things as the learning program component, existing resources, needs and interests of group members, bookkeeping needs and procedures, production activity plans, capital accumulation plans, and monitoring data. Besides helping to develop proposals, these instruments are designed to teach the basic managerial skills necessary for organizing and running small-scale business activities. The information gathered with these forms also comprises the data base for evaluating and further developing the Learning Fund Program. The Group Profile Summary sheet is an example of one of these forms.

This form was utilized in initial pilot Learning Fund activities. Such summary proposals were forwarded with recommendations from local village leadership to the district level PENMAS office. After review, the proposal was then sent to the provincial PENMAS office for final consideration and selection of groups to received the Learning Fund. At present, most technical and administrative matters concerning the implementation of the learning fund are handled at the provincial level, although reports and data are sent to the national office of PENMAS to assist in overall program monitoring, evaluation, and development.

GROUP PROFILE SUMMARY

1. Group name :_____
2. Group Location :_____
3. Type of Activities :_____
4. Starting date :_____
5. Value of existing resources :_____
6. Capital needed :_____
7. Number of learners :_____
8. Savings to date :_____
9. Savings per month :_____
10. Predicted income growth :_____
11. Aspects of group studied :_____
12. Market prospects :_____
13. Possibility for expansion :_____
14. Assistance from other agencies :_____
15. Other factors adding strength to the proposal :_____

_____

_____

During the pilot phase it was discovered that in order to be successful Learning Fund Program groups needed assistance in management, administration, and marketing. It was also found that local village leadership needed to be involved with the program and share responsibility for implementation. As this experience accumulated, the forms used by field staff with groups changed and evolved to reflect these new learnings. The forms on the following pages illustrate some of the alternatives developed by PENMAS to address these issues.

Besides assisting in planning and monitoring, these forms serve a training function. Through their use fieldworkers, resource persons, and group members can increase their skills in simple management and administration. Their attitudes toward such things as savings and profit sharing are also positively affected. Hence, these forms help to establish an integrated learning process within the groups themselves as well as provide baseline data for group selection, monitoring and evaluation.

Sample Instruments

I. Group Identity

1. Type of activity

2. Specific activities

3. Location of activities

Village	Sub-district	District	Province

4. Group Composition

M	F	Total

in [ ] groups

5. Resource Persons

Name	age	M/F	employment	skills	address

6. Responsible person

Name	age	M/F	employment	address

7. Learning Fund Guarantor

Name	age	M/F	employment	address

8. Planned program

II. Productive Activity Plan

1. Available Capital

Source	funds/equipment	total value
1. PENMAS 2. Local Government 3. Group members 4. Other		

2. Materials and Equipment

On-hand	value	to be purchased	value
1. 2. 3. 4.			
Totals:		totals:	

3. Production scheduling

Activity Unit	Date	Month	Year	Output
I. II. III. etc.				

4. Profit distribution plan

Profits utilized for:	total	%
1. Administrative costs 2. Group assests 3. Payments to group members 4. Capital accumulation 5. Development costs 6. Social fund 7. . . . . . 8.		
Total		100%

SUPPORT ACTIVITIES

PENMAS strives to improve program effectiveness through the development of support activities aligned with needs identified during the implementation of Learning Fund Program activities. Support activities for the LFP include materials development, staff training, coordination with other agencies, and the development of effective feedback and monitoring systems.

Materials Development

The Learning Fund Program utilizes three basic types of learning materials: the tools and equipment for the productive enterprise, technical materials obtained from other sources, and motivational/instructional materials produced by PENMAS' own nationwide materials development system. Since hands-on experience in the work situation is emphasized, the tools and equipment used in actual production activities are of prime importance. Skilled resource persons and group members use these to train other members of the group in specific skill areas such as woodworking, agriculture, masonry, food processing, sewing, weaving, radio repair and many others.

Many training materials are available from other agencies, such as animal husbandry booklets from the Department of Agriculture or shoe repair manuals from the Department of Small Industries. Despite this, it has been found that PENMAS must work to develop their own materials for their own specific needs. Many of the materials are too technical or too specific or too difficult for the illiterate or neo-literate members of community learning groups. Due to this, PENMAS must use its experience in developing materials for this specific clientele to create materials that are appropriate. Technical information is often gathered from different agencies with sound knowledge of specific content areas. PENMAS also uses its own materials development system to create, produce, and distribute materials specific to the Learning Fund Program such as simple instructional manuals on bookkeeping, small business management, group organization, simple planning methods, and group supervision.

Staff Training

Due to the nature of the Learning Fund Program and the fact that income generation and small business is a relatively new field for PENMAS, staff training has received increasing attention. During the course of experimentation with the Learning Fund Program, it was determined that a system of field-based training is the most practical and effective method for program improvement. Recently PENMAS has developed and tested a system of field-based training where fieldworkers, resource persons, monitors, and other staff members involved with the LFP undergo an intensive five-day program orientation after which they participate in two days of training per month for six months. Each month trainees are assigned case studies and given assignments relevant to the small business and income-generating groups for which they are responsible. Trainees are taught how to conduct assessments of needs, how to assess potential markets, how to mobilize local resources, how to organize and facilitate groups, and how to implement simple management and administrative systems. During the training they are able to directly apply their knowledge to their ongoing activities with village groups, thus keeping the training both practical and realistic.

Inter-Agency Coordination

PENMAS brings to the Learning Fund Program years of experience in community level activities. However, there are numerous other government and private agencies also involved in small business and income generation at the community level. PENMAS works to coordinate its efforts with these agencies so that resources can be used most effectively. For example, PENMAS is often able to use technical field staff from other agencies to assist them in solving specific problems, such as in fish farming or motorcycle repair, etc. Since the LFP encompasses a wide range of activities based on the needs, interests, and resources of village groups, it cannot be expected that PENMAS staff will have the necessary expertise in all areas; it is here that coordination with other resource agencies becomes important.

Evaluation and Monitoring

Finally, PENMAS is committed to a variety of evaluation and monitoring activities. Through these activities carried out at all levels of the organization from national to sub-district, PENMAS seeks to refine its methods, materials, and approaches and to share its experience with other agencies in the field.

Programmatically, PENMAS has established a set of criteria designed to measure the overall effectiveness of the Learning Fund Program. Each group receiving assistance will be evaluated against criteria including:

- the extent to which the group is able to expand its membership
- the extent to which the group is able to increase its working capital
- the extent to which the group is able to increase its production
- the extent to which the group is able to expand its range of economic activities
- the extent to which the group is able to increase profits
- the extent to which the group is able to increase its savings
- the extent to which the members of the group have acquired new attitudes, skills and knowledge.

Many of the groups receiving assistance have had their progress documented in case study form so that this experience can be shared with others, used as a training tool, and used as a data base for programmatic problem solving and issue identification.

GOALS, EDUCATIONAL OBJECTIVES, & IMPLEMENTION MODELS

Goals

Through four years of experimentation, PENMAS has been able to clarify the goals, educational objectives, and implementation models for the Learning Fund Program. The goals of the program can be categorized according to three perspectives or levels.

LEARNER	:	to improve the quality of life and increase income, improve self-confidence, better social relationships, and improve the management of business and household affairs.
NFE AGENCY	:	to use learning funds to engender the need for learning and foster the acquisition of new technical and managerial skills and knowledge required to operate and develop small enterprises; to develop attitudes that promote entrepreneurship and social responsibility.
NATIONAL/MACRO	:	to promote the growth of entrepreneurship especially in rural areas in order to develop a pre-industrial economy which will provide increased employment opportunities for displaced farm labor and facilitate development and exploitation of natural resources.

Educational Objectives

From pilot research and case studies on LFP groups, the educational objectives needed for success have been refined to six:

1. Production processes, including vocational skills
2. Marketing

3. Capital management and investment

4. Bookkeeping and administration

5. Planning, including saving

6. Business management, including personnel supervision.

How these educational objectives can be realized in the field will become clearer in the following presentation of implemention models.

Models

During the period of experimentation with the Learning Fund Program and small business development, two very distinct program models have evolved despite the use of a single set of criteria for group establishment and funding. These two models can be described briefly as follows:

Model I. Groups are formed and given skill training first, and then are given assistance in organizing small business ventures to make use of newly acquired skills.

Model II. Existing small enterprises are used as the nucleus for a learning group. These groups are encouraged to improve their management style, increase production, and provide more employment opportunities.

Each of these models contains a number of specific strengths and weaknesses. Case studies illustrating each of the models will be presented here to highlight PENMAS' experience to date and to raise pertinent issues.

MODEL I CASE STUDY: A CAKE-MAKING LEARNING GROUP

This learning group was formed from among five women who had been making and selling a locally popular cake on their own. They all possessed the basic skills needed for such an enterprise. After the formation of the group and the award of learning funds, the group members continued to work on their own, but they now were able to collectively buy bulk quantities of raw materials and to market their products collectively. The amount of funds awarded this group was small, totalling US$45 divided roughly equally among the five members. However, even with this small input of capital along with guidance in organization and problem solving, the members have been able to increase their incomes and work efficiency.

The key to the initial success of this group was the integrated package of technical guidance (in management and organization) and capital that the PENMAS fieldworker was able to provide under the Learning Fund Program. With the assistance of the PENMAS fieldworker, weekly group meetings were organized to discuss problems and develop solutions. The most immediate problem identified was the control that a middleman had over their enterprises. Lacking in capital, they were forced to buy raw materials and sell their finished products to a middleman who could control the prices of both, keeping worker profits artifically low. The women had been somewhat content with this arrangement since although they received a poor return on effort invested, the middleman handled all of their administrative arrangements and marketing. After analysis of the situation, and with the help of additional capital from the Learning Fund, they were able to bypass the middleman with one of the members taking responsibility for marketing. This solution is not as simple as it might seem, since although exploitative, the relationship with the middleman was secure. Group members needed much added self-confidence before being able to take such a risk. This process highlights the importance of group discussion and analysis and trust in the fieldworker as a prerequisite to joint risk-taking in small enterprises.

In addition to problem solving, the group also gained new skills in cake making. Previously they made only one kind of cake, but the PENMAS fieldworker suggested that they experiment with making cakes made from different kinds of materials. They found that these new cakes did not sell very well, possibly because their technique was still lacking, but they did not lose money in the experiment. Importantly, they were exposed to the concept of experimentation in enterprise, a rare opportunity for many of the poor in Indonesian villages. Again, it was the combination of both funds and guidance that enabled this type of learning to take place.

This group had only been formed six months before the time of the case study from which this information is taken, but even in this short time attitudinal changes were evident in the group. The most striking was the learners' attitude toward savings. They had previously saved little, perhaps because they never had extra money to set aside. One condition for Learning Fund Program assistance was that the group must start to set aside money for

use as "seed money" for other groups. This requirement got the learners in the habit of saving on a regular basis. They also became used to saving a part of their profits for the purchase of more raw materials, a function previously handled by the middleman. Their success led them to adopt a more favorable attitude towards saving in general, and group members have begun to save for household needs and for possible expansion of their business.

The financial administration of the group is left to one person. However, the other members of the group study and examine the books at the regular weekly meetings. They are able to do this since all members of the group have at least basic literacy skills. They take this quite seriously because they feel that they are indeed responsible for the success of the group. One observer suggests that this would provide an excellent opportunity to teach basic functional literacy and numeracy skills if the group contained members who were illiterate because of the high degree of motivation exhibited by the learners.

MODEL II: A FURNITURE-MAKING LEARNING GROUP

A small furniture-making business had been started by two persons about two years before that enterprise was awarded learning funds and became a learning group. One of the two original members had been trained in carpentry about ten years ago in a PENMAS vocational skills course. He and another person started the small business which made tables and chairs out of wood. During the first two years they added three more employees. After receiving the learning funds, three members of the original enterprise left the group to begin their own branch business, while seven unskilled school drop-outs were accepted into the group as new learners.

Several changes have taken place in the enterprise since it became a learning group with the addition of learning funds totaling US$240. For one thing, the PENMAS fieldworker who awarded the learning funds to the group has provided guidance in small business administration skills such as basic bookkeeping, keeping inventories, etc. Before the learning group was started, the business did not keep any books. Profit and loss were essentially

guessed at. Now the business is conducted more systematically. For example, costs of maintaining tools and equipment is now calculated as a part of production costs, whereas before this enterprise became a learning group, such expenses were not figured.

The income of each member of the learning group increased significantly after the group was formed and it received the learning funds. The chart below illustrates the increase in monthly income of four members of this group:

Monthly income before formation of the learning group	Monthly income after formation of the learning group
Rp. 10.000	Rp. 20.000
Rp. 15.000	Rp. 27.000
Rp. 21.000	Rp. 34.000
Rp. 0	Rp. 6.000

US$1 = Rp. 625

The nature of the way in which tasks are distributed in the group has changed since the enterprise became a learning group. Previously, the founder of the enterprise, who was a skilled carpenter, simply ordered the others about. He would have to demonstrate certain things, but it was strictly a boss-laborer relationship. All of the ordering of materials, selling of the goods, etc. was handled by the second founder. However, since becoming a learning group, the learning takes place through more participatory methods; e.g., more of the skills training includes discussions, questions and answers, etc. Furthermore, all members of the group are now involved in determining the selling price of the products and in purchasing raw materials. Those who would normally be considered "laborers" are now

considered "learners" who have rights and responsibilities in conducting the business. However, this is not to deny the reality that the original founders of the group are still "first among equals". Nevertheless, the "learners" in the PENMAS groups do have better opportunities to learn to become independent than the "laborers" in ordinary businesses.

Previously the enterprise was limited by capital and by a lack of knowledge of the kinds of models of furniture that could be produced. However, after receiving the learning funds, the group is now able to make a number of different models and of various qualities. Time, manpower, materials, etc. as well as potential markets are all calculated in determining the selling price of the products, whereas previously this could not be done. The group now is thinking toward the future in terms of forming a cooperative or obtaining a loan from a bank. The group now has a good chance to succeed at one of these plans because cooperative assistance and government bank development loans are usually only awarded to groups or enterprises that are well organized and maintain proper administrative procedures.

Discussion

As these two models have evolved through experience, their inherent strengths and weaknesses have become evident. To reach stated program objectives and goals, differing inputs must be made to adjust to the idiosyncracies of each approach.

In order for Model I to be effective, it is important that technical input and financial assistance be given in an integrated package. If a gap in time occurs between learning and application, the program will be less effective--immediate application of skills and knowledge in a real work situation is the key to success, reflecting an important principle of nonformal education. From experience, PENMAS has also found that it is important that individual members of the group should have already attempted some sort of enterprise on their own before entering the group; this gives a clear indication of the motivation and initiative that has proven essential for success in small business operations.

Model II is perhaps a more unique means for implementing income-generating group programs. This model is highly efficient since capital investment is already in place, albeit on a small scale. It has been found that such groups

should not begin with more than 3 or 4 employees, since more persons might indicate a business that is already fairly well-developed; and hence not appropriate for assistance from the Learning Fund Program. In this model the owner(s) of the business become the resource persons for training new group members in the basic skills of the business. The persons already in the business, however, must learn new, more complex skills as the business is expanded. PENMAS also works with the group to institute cooperative management and administrative styles and procedures. Some Indonesian observers have remarked that for the first time in Indonesian village operations, people are keeping books and saving money for investment as a result of small enterprises assisted by the Learning Fund Program.

Both models share a number of problems. One, in particular, is the control of capital resources. In the first model, resources tend to be controlled by a financial monitor(fieldworker, village head, or group leader) while in the second, control of capital continues to reside completely with the original owner of the enterprise. PENMAS has worked hard to devise ways in which the funds can be awarded to the group as a whole, thus spreading responsibility. Due to this, much group work must focus on development of cooperative management practices and decision making. Decisions concerning profit and business expansion should be made by the group as a whole.

Another problem encountered in both models is the lack of qualified resource persons to provide ongoing technical assistance to the group. The learners, almost from the very moment they receive learning funds, start to conduct their business differently and begin to acquire new experience. However, a basic tenet of nonformal education is that such experiences have to be discussed, analyzed and processed in order to become meaningful learning. Attitude changes and skill acquisition is greatly improved when capable resource persons are available to act as process facilitators. Besides this, resource persons are also needed to teach management, administration, marketing, and problem-solving skills to all group members. PENMAS is trying to overcome this problem by conducting training for all its fieldworkers involved in the Learning Fund Program so that they cannot only teach these necessary skills but also be able to recruit and train appropriate local resource persons.

LESSONS FROM EXPERIENCE

PENMAS now has four years of experience with small business development and income-generating activities. During this period the purposes, approaches, and methodologies used in the Learning Fund Program have undergone a constant process of evolution, clarification, and refinement. This process continues as new problems and issues arise and PENMAS works to develop appropriate programmatic responses.

In the following pages, some of the issues and problems that have arisen in the implementation of the Learning Fund Program are discussed along with guidelines for possible solutions. Due to the integrated nature of such programs, many of the items discussed will of necessity overlap with one another, for example in such areas as Resources and Training and Institutional Roles. It is hoped that this summary of experience, much of which has already been described in the preceding text, will be of direct use to other nonformal education policy makers, planners, and practitioners in the development and implementation of their own small business and income-generating activities.

I. Goals, Objectives, and Clarity of Purpose

Goals are not always easy to translate into field level programs. The PENMAS goals were:

- to provide decentralized sources of capital resources
- to organize activities responsive to local needs
- to encourage active participation of rural communities in learning and income-generating activities.

At the field level, some confusion arose as to whether the program was in essence a learning program or a lending program, resulting in an over-emphasis on the financial aspects of the program. Criteria and models for village level activities were also not clear enough at the beginning of the program, creating more confusion at implementation level. Over time, definitions of target population, selection criteria, and implementation models have been clarified in light of experience. This improvement process was not helped, however, by a too rapid expansion of activities too early in the program.

Guidelines

1. Program goals at national, institutional, and learner levels must be clearly established and clearly communicated to all levels of the agency involved with the program.

2. Early definition of target group and program models greatly assists fieldworkers in the identification of their program possibilities, assuring that only appropriate groups receive assistance.

3. Over-simplified selection criteria for groups can cause great confusion in a national program. PENMAS learned to place greater emphasis on needs assessment, market assessment, and local institutional involvement in their criteria for selection.

4. The size and scope of the program should be kept small and controllable initially until experience and capabilities allow for expansion.

II. The Learning Component: Nonformal or Informal?

What separates the Learning Fund Program from other income generation and small business development programs is the built-in learning component. Despite the fact that PENMAS is essentially an educational institution, the evolution and implementation of solid educational objectives for the Learning Fund Program was slow. Additionally, early efforts tended to neglect the importance of the learning component in LFP groups receiving assistance, especially in groups evolved from already operating small enterprises. New types of skills and learning were necessary for successful operation of the program.

Guidelines

1. Technical assistance (management training, skill training, etc.) must be simultaneous with capital infusion; maintaining the mix activity characteristic of nonformal education (i.e. live experience combined with organized learning).

2. Development of the learning component must come at the planning stage of group development and before financial assistance.

3. New types of skills are required both for learners and for institutional staff to be successful with income-generating groups. These include: simple accounting, cooperative management, leadership, marketing, and basic administration. This differs significantly from usual nonformal education programs which emphasize vocational skill training.

4. A mixture of learning/teaching methods must be employed for group development: demonstration/apprenticeship for skill development, group discussion for analytical and problem-solving skills, simple group techniques for processing and learning from experience, motivational techniques for encouraging attitude change and risk taking.

III. The Funding Mechanism: Responsibility and Motivation

Institutions such as PENMAS are caught between fiscal responsibility for a program and the desire to have truly flexible and risk-taking capabilities. Who is accountable? the national institution? the field-worker administering the funds? the local community? or group members? Who receives funds? If the program is too strong on accountability, it will not be able to assist its real target group: those who have no collateral, little previous experience, and/or weak management skills. PENMAS has learned some important lessons in this area.

Guidelines

1. Funding amounts should be based on need rather than on set institutional levels. This places more emphasis on preassessment of needs and resources within the group and the community.

2. Accountability should be shared by the local community and its institutions; in this case formal leaders in the community (such as the village head) and informal leaders (local businessmen) make recommendations to PENMAS concerning groups proposed for funding. Groups accountable to their community seem to be more responsible, and some of the burden of accountability is taken off of the agency fieldworker.

3. Interest: no interest is charged on Learning Funds, however, the group is required to save some of its profits to be used to fund other groups. It has been found that groups perform best when, as part of their planning, they themselves determine the amounts to be set aside and the time frame for saving.

4. Motivation: groups accountable to the community are motivated through both desire to achieve and fear of "losing face" within the community. Management systems which stress cooperation and group decision making maintain the strongest internal social norms and have the least problems. Learning activities undertaken in the group strongly influence this.

IV. Institutional Role

The role of a national, centralized bureaucracy in implementing a "flexible, decentralized" program can be problemmatic. Over time, several clear functions for the institution have become clear.

Guidelines

1. The main role for the national institution is in program development and field support; making sure the resources are available to field programs in a timely manner and sharing programmatic improvements based on collective and wide experience.

2. Coordination with other agencies can be effectively facilitated by higher levels of the organization to provide more resources, avoid overlap, and develop channels for further group development (example: established groups can obtain larger credits from government financial institutions, or groups needing specific technical skills can be channeled to appropriate extension services for assistance.)

3. Evaluation and overall program monitoring can be handled by the national agency. PENMAS has two levels of evaluation: national level concerning overall program effectiveness and development, and local level feedback/monitoring systems to provide quick response to group and fieldworker needs.

4. Training and Materials: nonformal education agencies such as PENMAS have a wealth of experience in running community education programs, as well as an established infrastructure of program staff. Parts of this experience and infrastructure are particularly relevant for assisting in programs such as the LFP.

V. Resources and Training

Small business development, income-generating activities, and the management of a learning fund-style program created new demands for resources and training. At the village level, it is difficult to find persons with skills in management, marketing, and administration. Within groups and local communities, it is also difficult to find persons with the skills necessary to facilitate group decision-making/problem-solving/processing sessions. PENMAS fieldworkers, although experienced in implementing other types of programs (literacy, family life, vocational) had little experience in needed areas (needs assessment, bookkeeping, etc.).

Guidelines

1. Based on pilot project experience, a system of field-based training was developed for PENMAS fieldworkers covering such areas as administration, group problem solving, bookkeeping, needs assessment, and cooperative management.

2. Materials were developed from actual experience, and adapted into case study and manual format for use by fieldworkers. PENMAS experience in developing simple materials for persons lacking formal education was applied to develop materials appropriate to LFP target groups.

3. Close coordination with village and area institutions was maintained to motivate local resources and insure community support.

4. Local cultural norms must be heeded for long-term success. Attitudes and norms concerning enterprise and group effort, as well as community structures can either impede or facilitate program progress.

CONCLUSION

The PENMAS Learning Fund Program is still in the process of further development and evolution based on rapidly accumulating experience. So far the program seems to be both unique and viable due to the learning activities integrated into the entire program. As more is learned the challenges become greater, as is evidenced by the fact that PENMAS is currently involved in efforts to improve the materials and training supporting the LFP, especially in the areas of small business management and administration. It is hoped that this note will help other planners and NFE practitioners involved in the development and implementation of large-scale income-generation activities.

OTHER PUBLICATIONS
FROM THE
CENTER FOR INTERNATIONAL EDUCATION

CURRICULUM AIDS

African Studies Handbook for Teachers, 200+ pages, revised third edition, 1983. $6.00
Teaching Non-Western Studies: A Handbook of Materials and Methods, 139 pages, 1972. $4.00
West Africa: An American Heritage, 208 pages, 1975. $5.00

IN-DEPTH STUDIES

Animation Rurale: Education for Rural Development, 249 pages, 1977. $6.00
Beyond the Nonformal Fashion: Towards Educational Revolution in Tanzania, 312 pages, 1977. $6.00
Characteristics of Facilitators: The Ecuador Project and Beyond, 283 pages, 1975. $6.00
Indonesia: Implementation of a Large-Scale Nonformal Education Project, 208 pages, 1982. $7.00
Let Jorge Do It: An Approach to Rural Nonformal Education, 22 pages, 1973. $6.00
NFE-TV: Television for Nonformal Education, 286 pages, 1975. $6.00
Nonformal Education as an Empowering Process, 281 pages, 1979. $6.00
Nonformal Education in Ecuador, 232 pages, 1975. $6.00
Nonformal Education in Ghana, 221 pages, 1973. $6.00
The Meaning of Conscientizacao: The Goal of Paulo Freire's Pedagogy, 170 pages, 1976. $6.00
The Wayside Mechanic: An Analysis of Skill Acquisition in Ghana, 329 pages, 1979. $6.00
Understanding Pictures: A Study in the Design of Appropriate Visuals for Education in Developing Countries, 406 pages, 1979. $6.50

ISSUE AND CONCEPT PAPERS

Collaboration for Materials Development, 49 pages, 1977. $3.00
Collaborative Programming in Nonformal Education, 76 pages, 1978. $4.00
Evaluation in Nonformal Education: The Need for Practitioner Evaluation, 28 pages, 1978. $3.00
Learner-Centered Training for Learner-Centered Programs, 68 pages, 1977. $3.00
Learning to Listen: A Field Guide to Methods of Adult Nonformal Education, 58 pages, 1979. $3.00
Technology in Nonformal Education, 36 pages, 1977. $3.00
The Demystification of Nonformal Education, 35 pages, 1976. $3.00
Women-Centered Training, 51 pages, 1979. $3.00

MEDIA AND METHODS

Effective Education Radio: An Approach to Analyzing Programs, 31 pages, 1978. $3.00
The Participatory Process: Producing Photo-Literature, 40 pages, 1977. $3.00
Visual Aids for Nonformal Education, 43 pages, 1979. $3.00

Orders for any CIE Publication may be made to: Publications Assistant, 285 Hills House South, University of Massachusetts, Amherst, Massachusetts 01003 U.S.A. Quoted prices are subject to change after 1983. Add postage and handling charge of 10% for surface mail or 60% for air mail (foreign).